

**Amendment to Revise Insurance Laws – SB 133**

**Sponsored by Senator Christine Kaufmann at the request of the State Auditor's Office**

EXHIBIT 4  
DATE 3-24-09  
SB 133

**Why do we need this amendment?**

Noah Ginnings was diagnosed with brain cancer in December, 2001, a month before his 20<sup>th</sup> birthday. Through Noah's student health insurance at the University of Montana he had a "pass-through" prescription drug plan, where he and his family had to pay the cost of his prescription drugs up front, and then submit a claim to be reimbursed. Over the course of the eight years Noah battled cancer, the Missoula community raised money so the family could afford the "up-front" cost of his medications. Noah eventually succumbed to the cancer in November, 2008. HB 609 was initially proposed by a friend of Noah's who is attending law school at the University of Montana, but because of amendments requested by the insurance industry that could not be incorporated in the original title of the bill, the amended statutory provisions proposed in HB 609, were added to the SAO's Revise Insurance laws bill, SB 133.

- This amendment would require carriers to pay for their share of prescription drug costs at the time of purchase once the insured's deductible is met. The insured would have to pay their co-pay or any other cost sharing agreement outlined in their prescription drug benefit plan. This would eliminate the "pass-through" model used in some individual and group health insurance policies.
- This bill would help individuals faced with on-going illnesses afford potentially life-saving medications needed for their treatment. Some insurance carriers are using the "pass-through" model on university student plans, individual, and employer group plans.
- This practice can act as a barrier to treatment, even to people facing more transitory illnesses: for instance, a parent needing to purchase a \$250 antibiotic for a child who has pneumonia.
- Many, if not most, prescription drug plans are already administered on a "coinsurance payment only" basis once the deductible has been met.

**What does this amendment do?**

**The new section incorporates the following provisions:** Each group or individual health insurance policy, certificate of insurance, and membership contract that covers prescription drugs and that is delivered, issued for delivery, renewed, extended or modified in this state must provide that after the applicable deductible is met, the insured shall pay only the required copayment or other cost-sharing requirement for a covered prescription drug at the time of purchase, **if the prescription drug dispenser, third party administrator, or health insurance issuer, can determine that amount at the time of purchase.**

**Amendments to 33-22-101 and 33-31-111** clarify that this new section applies to all types of health insurance coverage, including individual, group and HMO coverage. However it does not apply to disability income, medicare supplement, accident only, vision, dental or long term care policies.

**Amendments to 33-22-602** clarifies that this new section applies to blanket health insurance policies, including the university student health plan.

**Applicability date** provides that this amendment applies to policies and certificates that are issued or renewed on or after January 1, 2010.